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Real Property Valuations and Damage Due to Flooding

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The Nebraska Department of Revenue, Property Assessment Division has received inquiries about how real property damaged by the 2011 Nebraska flooding will be assessed for valuation purposes in 2012.

All real property in Nebraska is subject to taxation and will be assessed as of January 1, 2012, at 12:01 a.m. This assessment will be used as a basis of taxation until the next assessment year. See [Neb. Rev. Stat. § 77-1301](#).

The damage or destruction of real property due to the flooding will not be known until the floodwater has subsided and the surface is exposed. County assessors should prepare to make the necessary valuation changes for the January 1, 2012 assessment date. This means the county assessor should be reviewing the parcels that were flooded to determine if the improvements are habitable or if the land still qualifies as agricultural and horticultural land. This may involve physically inspecting all of the parcels affected by the flooding.

Currently, there is no provision in the Nebraska laws that allows for the 2011 assessed values to be changed due to this flooding.

Agricultural and horticultural land is recognized as a separate and distinct class of property that is to be inventoried by subclasses of real property based on soil classification standards developed by the Natural Resources Conservation Service (NRCS) of the United States Department of Agriculture. This inventory of subclasses is converted into land capability groups by the Property Tax Administrator. State law does not limit the classes and subclasses of real property that may be used by county assessors or the Tax Equalization and Review Commission to achieve more uniform and proportionate valuations. See [Neb. Rev. Stat. § 77-1363](#). It is important that county assessors recognize that the underlying flooded land may not have the same soil profile as is currently mapped by the NRCS. The county assessor may create a separate subclass of the flooded land for valuation purposes.

Many of the soils located in the areas of flooding are rated for frequency of flooding and ponding duration. The extent of flooding in 2011 exceeded the ratings for flooding and ponding in these unprotected, low-lying areas in the river basin. County assessors are advised to physically inspect the flooded properties when and if access is possible. In all instances, the county assessor should work with the land owner and/or farm operator, the local emergency management officer, and the local offices of the NRCS and Farm Service Agency to determine the amount and extent of the land augmentation. Valuations for many of these parcels will need to be adjusted to reflect

the actual value or, if the land is agricultural or horticultural land, 75% of actual value in the current condition. Much of this land area will likely not return to its pre-flood classification for many years, if ever. In light of this fact, the requirement in § 77-1363 to classify the flooded land using the soil survey, is waived until the NRCS reclassifies the flooded land.

Homes, buildings, structures and enclosures. When possible, an on-site inspection of the existence and condition of homes, buildings, structures, and enclosures that have survived the flood should be made to determine if they contribute any value to the property in their current condition. As buildings are replaced, the landowner should provide the county assessor with an [Improvement Information Statement](#) if the county does not require a construction permit for the type of improvement being made. See [Neb. Rev. Stat. § 77-1318.01](#).

Fencing. Typically, fences are not considered in the valuation of agricultural and horticultural land. If the fences are part of a feedlot or corrals in a livestock production facility, the values should be adjusted to reflect the current condition of the improvements.

Loss of Trees. Trees are generally not included in the valuation of agricultural and horticultural land. Unless the property valuation reflected value for trees in an orchard, tree-farm, or nursery, the loss of trees will not result in a reduction of value.